

May 16, 2002

Dennis Smith
Director
Center for Medicaid and State Operations
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, MD 21244-1850

Dear Mr. Smith:

Enclosed is an 1115 demonstration waiver application from Delaware Health and Social Services (DHSS). Through the HIFA flexibility waiver, Delaware proposes to develop a new medical insurance program for uninsured adults and will use the current Delaware Healthy Children Program as the vehicle for providing coverage for the targeted population.

The Delaware Healthy Adult Program (DHAP) will offer comprehensive benefits to certain uninsured adults with incomes at or below 200% of the Federal Poverty Level (FPL) and will be phased in as State funding permits. The first group to be enrolled in the DHAP will be uninsured individuals who are currently transitioning off Medicaid. Currently, these individuals remain eligible for transitional Medicaid for up to 24 additional months. However, effective September 30, 2002, the TANF waiver that provides this transitional extension will expire. Medicaid will again be limited to twelve months. The state proposes to move these uninsured individuals into the new Delaware Healthy Adult Program for the second twelve-month coverage period on October 1, 2002. Without this new coverage, these individuals will contribute to an increase in the numbers of uninsured since they will lose coverage at the end of their twelve-month transitional Medicaid extension.

Individuals who apply and become eligible for certain existing optional Medicaid groups after October 1, 2002 will be enrolled in the new DHAP program. (Individuals who are receiving services on September 30, 2002 will participate under the existing eligibility and program guidelines until their participation is terminated. If they reapply for services, their eligibility and participation will be subject to the revised Medicaid and new DHAP guidelines.) The groups that logically belong in the new program include: pregnant women between 133% and 200% of FPL, uninsured adults at or below 100% of FPL, and Section 1931 eligible adults between 65% and 75% of FPL.

The current Medicaid optional category of assistance for pregnant women and infants covers these individuals up to 200% FPL. As of June 1997, this group was covered up to 185% FPL. For those who apply and become eligible for services after October 1, 2002, the Medicaid eligibility will be restructured to cover pregnant women up to 133% FPL. (Women and infants who are enrolled on or before September 30, 2002 will be served under the existing provisions until their participation is terminated.) Uninsured pregnant women above that level but below 200% FPL will be enrolled in the new Delaware Healthy Adult Program. Infants up to 185% FPL will continue to be enrolled in Medicaid. Infants between 185% and 200% will be enrolled in the existing Delaware Healthy Children Program.

Uninsured adults at or below 100% FPL were added to the Diamond State Health Plan under Delaware's existing 1115 waiver. This is another logical group to include in the new program. Finally, an expansion under Section 1931 covers eligible individuals at or below 75% FPL. Medicaid eligibility for this group will be revised to offer coverage to individuals at or below 65%, while uninsured individuals between 65% and 75% FPL will be enrolled in DHAP. (Once again, individuals enrolled on or before September 30, 2002 will receive services under the existing guidelines until their participation is terminated. They will be subject to the new program guidelines if they reapply for services after October 1, 2002.)

Coverage of these groups will be comprehensive and statewide and will be provided through the managed care service delivery system used for the Delaware Healthy Children Program. The benefit package available to children in the DHCP will be provided to Delaware Healthy Adult Program participants with one exception. The mental health/substance abuse benefit will offer the same 30 outpatient visit benefit, but not the extended 31 day package of mental health and substance abuse services (any modality). All other basic benefits required under HIFA are included in the DHAP.

Cost sharing will also be a feature of the new program. Monthly premiums will be required of DHAP enrollees in order to maintain coverage. The premium is a nominal per family per month fee. Families will pay the monthly premium at the time of enrollment to receive coverage. The premiums will be as follows:

- \$10 per family per month for families with countable incomes greater than 100% and at or below 133% of the Federal Poverty Limit (FPL)
- \$15 per month for families with incomes greater than 133% and at or below 166% of the FPL, and
- \$25 per month for families with incomes greater than 166% and at or below 200% of the FPL

There will be a \$10 copayment for inappropriate use of an emergency room.

The Delaware Healthy Adult Program proposal supports the intent of the HIFA guidelines, in that the State will use programmatic flexibility to increase coverage to uninsured adults using the existing SCHIP allotment. Through the new DHAP, the State will begin with the above mentioned groups. Other groups that could be logically targeted for enrollment in follow-up phases include uninsured parents of Medicaid or SCHIP children. However, the follow-up phases will depend on the economic viability of the State to add and sustain coverage for any

possible future groups, the limits of the existing SCHIP allotment, and the outcome of proposed HB 349. HB 349, a Delaware Code amendment related to taxation of tobacco, would raise the cost of a pack of cigarettes and use the generated revenues to eliminate the DHCP monthly premiums, fund a dental benefit under DHCP, and fund health coverage for parents of children enrolled in DHCP.

This proposal is also complementary to the State's ongoing efforts to find medical homes for uninsured adults who are currently assisted to find care through the Community Health Access Program. This program provides outreach and case management support for uninsured adults through Federally Qualified Health Centers and local participating physicians' offices. Outreach functions will channel eligible clients to the Delaware Healthy Adult Program.

Specific, detailed information required under the HIFA guidelines are provided in the application template that follows.

If you have any questions or require additional information, please do not hesitate to contact this office. Thank you for your consideration of this proposal.

Sincerely,

Vincent P. Meconi,
Secretary

cc: Elaine Archangelo
Philip Soulé